

## Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-10 NEA-10 ISO-00  
FEA-01 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00  
USIE-00 INRE-00 ERDA-05 AID-05 CEA-01 COME-00  
FPC-01 H-01 INR-07 INT-05 L-03 OMB-01 PM-05  
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 PRS-01  
PA-01 /139 W

-----058133 151627Z /46

O R 151508Z DEC 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 0384

INFO AMEMBASSY ABU DHABI IMMEDIATE

AMEMBASSY ALGIERS IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRASILIA IMMEDIATE

AMEMBASSY CAIRO IMMEDIATE

AMEMBASSY DOHA IMMEDIATE

AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY KUWAIT IMMEDIATE

AMEMBASSY LAGOS IMMEDIATE

AMEMBASSY LIBREVILLE IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY MANAMA IMMEDIATE

AMEMBASSY MUSCAT IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY QUITO IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY TRIPOLI IMMEDIATE

AMEMBASSY VIENNA IMMEDIATE

USINT BAGHDAD

AMCONSUL DHAHRAN

C O N F I D E N T I A L CARACAS 12173

CONFIDENTIAL

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E.O. 11652: GDS

TAGS: ENRG, OPEC, VE

SUBJECT: PRESIDENT PEREZ ALMOST DENIES REPORTS OF A  
VENEDZUELAN INITIATIVE TO POSTPONE OPEC.

REF: (A) CARACAS 12126; (B) JIDDA 8524 NOTAL (C) MANAMA 2675

1. SUMMARY. IN SPITE OF A STATEMENT DECEMBER 14 BY PRESIDENT  
PEREZ WHICH APPEARS AT FIRST GLANCE TO DENY EARLIER REPORTS THAT  
VENEZUELA IS SUGGESTING A POSTPONEMENT OF THE OPEC CONFERENCE,

THERE ARE CONTINUING STRONG INDICATIONS THAT SOMETHING IS IN THE WORKS. HIS STATEMENT IS CLEAR ONLY IN ITS DENIAL OF A POSTPONEMENT OF THE CONFERENCE TO DATE. OTHER SOURCES CONTINUE TO INSIST THAT THE GOV IS SUGGESTING THE POSSIBILITY OF POSTPONEMENT OR AT LEAST THE REMOVAL OF THE PRICE ISSUE FROM THE AGENDA. WE CONSIDER EITHER OF THESE POSSIBILITIES TO BE FULLY IN KEEPING WITH VENEZUELA'S OVER-RIDING INTEREST THAT THE CARACAS MEETING NOT RESULT IN A FURTHER SPLIT IN OPEC. END SUMMARY.

2. ATTEMPTS VERIFY REPORTS OF A VENEZUELAN PROPOSAL TO POSTPONE THE UPCOMING OPEC CONFERENCE HAVE MET WITH MIXED SUCCESS. FEW OF OUR NORMAL GOVERNMENT SOURCES ON OPEC MATTERS ARE AVAILABLE, WHICH IN ITSELF APPEARS SIGNIFICANT. MINISTER HERNANDEZ DEPARTED MONDAY NIGHT, DECEMBER 12, ON A FLIGHT TO MADRID. WHILE PRESIDENT PEREZ PUBLICLY STATED DECEMBER 14 THAT HERNANDEZ WAS IN LONDON AND DENIED THAT HE WAS IN THE MIDDLE EAST, OTHER REPORTS MENTIONED VIENNA AND PARTICULARLY BAHRAIN AS HIS EVENTUAL DESTINATION. DEPUTY MINISTER OF ENERGY FREDDY AROCHA CASTRESANA, UNTIL A YEAR AGO VENEZUELAN AMBASSADOR IN VIENNA AND AN OLD OPEC HAND, IS ALSO TRAVELLING, POSSIBLY SINCE FRIDAY DECEMBER 9. ON DECEMBER 13 HE WAS IN SAUDI ARABIA DELIVERING A CONFIDENTIAL LETTER FROM PRESIDENT PEREZ TO KING KHALID (REF B). VENEZUELA'S OPEC GOVERNOR, JESUS GARCIA CORONADO, IS CONFIDENTIAL

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ALSO ON A TRIP AND MAY RETURN BY THE WEEKEND, ACCORDING TO HIS OFFICE

3. THE ONE RELIABLE MINISTRY SOURCE WE WERE ABLE TO LOCATE CONFIRMED THAT THERE IS SERIOUS CONCERN WITHIN THE GOV THAT THE CARACAS MEETING COULD END IN ANOTHER SPLIT AND HE INDICATED THAT MINISTER HERNANDEZ WAS ACTIVELY TRYING TO HEAD THIS OFF. HE SUGGESTED THIS COULD BE DONE EITHER BY DROPPING THE ISSUE OF PRICE FROM THE AGENDA OR BY POSTPONING THE MEETING. HE EMPHASIZED, HOWEVER, THAT THIS WAS STILL AN OPEN QUESTION AND ONE FOR ALL OPEC MEMBERS TO DECIDE. A LOCAL JOURNALIST WITH CLOSE TIES TO MINISTER HERNANDEZ ALSO TOLD US THAT A WEEK OR SO AGO THE MINISTER HAD SAID THAT BECAUSE OF THE ACrimonious DEBATE IN THE MIDDLE EAST IT MIGHT BE NECESSARY TO DELETE THE PRICE ISSUE FROM THE CONFERENCE. THIS JOURNALIST ALSO SAID THE ORIGINAL PRESS REPORTS SEEMED PLAUSIBLE AND THAT POSTPONEMENT WAS A REAL POSSIBILITY.

4. THE REPORTS OF A VENEZUELAN SUGGESTION TO POSTPONE THE MEETING BROUGHT QUICK DENIALS DECEMBER 14 FROM BOTH INFORMATION MINISTER DIEGO ARRIA AND FROM CARMELO LAURIA, MINISTER OF THE SECRETARIAT TO THE PRESIDENCY. LAURIA, A CLOSE CONFIDANT OF PRESIDENT PEREZ, WAS NAMED ACTING MINISTER OF ENERGY DURING HERNANDEZ' ABSENCE. ABOUT MIDDAY, PRESIDENT PEREZ ALSO ISSUED A DENIAL. ASKED BY A REPORTER IF IT WAS TRUE THAT THE OPEC CONFERENCE WAS GOING TO BE POSTPONED, PRESIDENT PEREZ REPLIED: QUOTE IT IS ABSOLUTELY FALSE. UP TO NOW, I HAVE NO INFORMATION TO THE EFFECT THAT IT HAS BEEN DECIDED TO POSTPONE THE OPEC CONFERENCE. AS TO THE POSSIBILITY THAT

VENEZUELA WOULD PROPOSE IT, IT DOES NOT CONFORM TO REALITY. IT WOULD BE ABSURD THAT OUR COUNTRY SHOULD PROPOSE THE SUSPENSION OR POSTPONEMENT OF THE OPEC CONFERENCE. ACTUALLY, I DON'T KNOW WHERE SUCH INFORMATION ORIGINATED, IN A WAY, IT HURTS VENEZUELA. UNQUOTE.

IN RESPONSE TO FURTHER QUESTIONS, PEREZ SAID HE DID NOT WANT TO JUDGE WHETHER THESE REPORTS CONSTITUTED A CAMPAIGN AGAINST OPEC, BUT DID WISH TO EMPHASIZE THAT VENEZUELA HAS SAID THAT EVERYTHING CONFIDENTIAL

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IS READY FOR THE CONFERENCE. HE ALSO SAID HE COULD NOT SAY WHETHER THE MIDDLE EAST CRISIS COULD HAVE A REPERCUSSION ON THE MEETING AND REAFFIRMED THAT VENEZUELA HAS RESPONSIBILITIES AS THE HOST COUNTRY AND IS PROUDLY AWAITING THE ARRIVAL OF THE OPEC COUNTRY REPRESENTATIVES. AT THIS POINT, HE ALSO AFFIRMED THAT MINISTER HERNANDEZ WAS IN LONDON. WHILE DECLINING TO GIVE THE REASON FOR THE TRIP, HE INSISTED IT WAS NOT TO PROPOSE A POSTPONEMENT OF THE CONFERENCE.

5. OBVIOUSLY RESPONDING TO PRESIDENT PEREZ' COMMENT THAT THE PRESS REPORTS DAMAGED VENEZUELA, EL NACIONAL OF DECEMBER 15 CARRIED A FRONT PAGE DEFENSE OF THESE REPORTS BY ITS ECONOMIC EDITOR WHO EXPLAINED THAT HE HAD RECEIVED HIS INFORMATION FROM VARIOUS OFFICIAL SOURCES THE PREVIOUS WEEK AND HAD OBTAINED FURTHER CONFIRMATION

ON DECEMBER 13. HE CONCLUDED BY SUGGESTED THAT ON THIS OCCASION PRESIDENT PEREZ WAS INVOLVED IN THE DISTORTION OF THE NEWS. IN THIS REGARD, WE HAVE ALSO BEEN ADVISED BY A GOOD SOURCE WITHIN THE MINISTRY OF INFORMATION THAT THE ORIGINAL DENIAL AS DRAFTED IN THE MINISTRY WAS CAREFULLY CRAFTED TO DENY ONLY THAT THE LETTER CARRIED BY MINISTER HERNANDEZ PROPOSED A POSTPONEMENT. IT DID NOT ATTEMPT TO DENY THE EXISTENCE OF A LETTER OR A PROPOSAL FOR A POSTPONEMENT. ON THIS POINT, A WIRE SERVICE REPORT OUT OF CARACAS CONTAINED WHAT WAS SAID TO BE QUOTE FROM THE LETTERS CARRIED BY HERNANDEZ AND AROCHA INVITING THE GOVERNMENTS OF THE OPEC COUNTRIES QUOTE TO EXPLORE THE POSSIBILITY OF THE DEFERRMENT OF THE 50TH OPEC CONFERENCE IF YOU CONSIDER IT TO BE CONVENIENT AND APPROPRIATE IN THE PRESENT CIRCUMSTANCES. UNQUOTE.

6. COMMENT. PRESIDENT PEREZ' STATEMENT CLEARLY LEAVES OPEN THE POSSIBILITY OF A LST MINUTE POSTPONEMENT, AND DOES NOT SPECIFICALLY DENY THAT VENEZUELA, IN ITS ROLE AS A MEDIATOR WITHIN THE ORGANIZATION AND THE HOST FOR THIS CONFERENCE, MAY BE POLLING THE MEMBER COUNTRIES ON THIS POSSIBILITY OR ON THAT OF PUTTING ASIDE THE PRICE ISSUE FOR THE TIME BEING. WHILE VENEZUELA HAS COME OUT PUBLICLY IN FAVOR OF A MODERATE PRICE INCREASE, THE GOV'S OVERRIDING INTEREST IN THIS MEETING IS TO PRESERVE OPEC UNITY. PEREZ' STATEMENT ALSO DOES NOT DENY THAT HERNANDEZ WILL BE IN THE MIDDLE EAST,

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ZATION AND THE HOST FOR THIS CONFERENCE, MAY BE POLLING THE MEMBER COUNTRIES ON THIS POSSIBILITY OR ON THAT OF PUTTING ASIDE THE PRICE ISSUE FOR THE TIME BEING. WHILE VENEZUELA HAS COME OUT PUBLICLY IN FAVOR OF A MODERATE PRICE INCREASE, THE GOV'S OVERRIDING INTEREST IN THIS MEETING IS TO PRESERVE OPEC UNITY. PEREZ' STATEMENT ALSO DOES NOT DENY THAT HERNANDEZ WILL BE IN THE MIDDLE EAST,

BUT EVEN IF HE REMAINS IN LONDON, HE WILL BE FAR BETTER PLACED TO  
CONSULT WITH THE OTHER MEMBER COUNTRIES THAN HE WOULD HAD HE  
REMAINED IN CARACAS. END COMMENT.  
CROWLEY

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

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**TAGS:** ENRG, VE, OPEC  
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